

Taxpayer Service Centers

■ **Auburn/Opelika**

3300 Skyway Drive
Auburn, AL 36830
Phone: (334) 887-9549

■ **Birmingham**

2024 3rd Avenue North
Birmingham, AL 35203
Phone: (205) 323-0012

■ **Decatur**

1403A Beltline Road, S.W.
Decatur, AL 35601
Phone: (256) 353-2932

■ **Dothan**

344 North Oates Street
Dothan, AL 36303
Phone: (334) 793-5803

■ **Gadsden**

235 College Street
Gadsden, AL 35901
Phone: (256) 547-0554

■ **Huntsville**

994 Explorer Boulevard
Huntsville, AL 35806
Phone: (256) 922-1082

■ **Mobile**

857 Downtowner Blvd., Suite E
Mobile, AL 36609
Phone: (251) 344-4737

■ **Montgomery**

1021 Madison Avenue
Montgomery, AL 36104
Phone: (334) 242-2677

■ **Muscle Shoals**

3005 S. Wilson Dam Highway
Muscle Shoals, AL 35661
Phone: (256) 383-4631

■ **Tuscaloosa**

518 19th Avenue
Tuscaloosa, AL 35401
Phone: (205) 759-2571

■ **TDD Number**

(334) 242-3061



*Published by the
Alabama Department of Revenue
Office of Taxpayer Advocacy
www.ador.state.al.us*

TAX FACTS

FOR

Tax- Exempt Entities

An informational guide
published for
tax-exempt entities.

Alabama
Department of Revenue

November 2002

Tax-Exempt Entities

As a tax-exempt entity, your organization, school, or governmental agency (instrumentality of the federal government, State of Alabama, county government in the State of Alabama, or any incorporated Alabama municipality) is exempt from payment of Alabama sales and use taxes. To be classified as a tax-exempt entity, your organization, state department, school, etc., must be specifically exempted by law from payment of sales and use taxes or must fall within the exemptions granted to the governmental agencies or instrumentalities outlined above.

As a tax-exempt entity, you are not charged sales or use taxes on your purchases. However, others may not be able to claim an exemption on their part from Alabama sales or use taxes on tangible personal property that is purchased by them and used in completing or fulfilling building, maintenance or service contracts with your particular tax exempt organization.

Invitation to Bid

Oftentimes, contractors or builders may not be aware that sales tax or use tax is due upon their purchases of materials or items that are used or consumed by them in completing building, maintenance or service contracts for particular tax-exempt entities.

In preparing invitations to bid, the department recommends that you include a copy of the brochure entitled ***Sales to Tax-Exempt Entities*** as a part of your bid package. Free copies of the brochure may be obtained by contacting the department's Sales, Use & Business Tax Division.

Work Performed by Contractors and Builders

All supplies and equipment that are purchased by and used or "consumed" by a contractor or builder in completing or ful-

filling contracts with tax-exempt entities are taxable to the contractor or builder at the time the builder or contractor purchases such items or when the items are withdrawn from inventory for use or consumption by the contractor or builder. The fact that these items or materials will be used in performing or completing work for tax-exempt entities has no bearing upon determining whether the sale is taxable or non-taxable to the contractor or builder.

A contractor or builder who has a contract with the U.S. government, the State of Alabama, cities and counties of the State, public and private educational institutions, and certain public corporations exempted by Alabama law, may purchase building materials without payment of Alabama sales and use taxes if such building materials are to be incorporated into real property. In order to make qualifying tax exempt purchases, a contractor or builder is required to obtain an Alabama Sales and Use Tax Certificate of Exemption or an Alabama Sales Tax License.

Questions?

For more information concerning any sales or use tax reporting liabilities that a contractor or builder may have or for more information concerning any reporting responsibilities that your particular organization, agency, school etc., may have, contact the Revenue Department's Sales, Use & Business Tax Division or visit the nearest Taxpayer Service Center listed on the back page.

**Alabama Department of Revenue
Sales, Use & Business Tax Division
Room 4303 Gordon Persons Building
50 North Ripley Street
Montgomery, AL 36132**

Telephone (334) 242-1490